

# **Molemole**

## **MUNICIPALITY**

[These financial statements have not been audited]

### **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2013**

# MOLEMOLE LOCAL MUNICIPALITY

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# MOLEMOL LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Molemole Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### ACTING MUNICIPAL MANAGER

*Mr. E K Moloko*

#### CHIEF FINANCIAL OFFICER

*Mr. E K Moloko*

#### REGISTERED OFFICE

**Physical address:**

303 Church Street  
Mogwadi  
715

**Postal address:**

Private Bag X44  
Mogwadi  
715

#### TELEPHONE NUMBER

015 501 0243/4

*Fax number:*

015 501 0419

#### E-MAIL ADDRESS

*molemole.gov.za*

#### AUDITORS

Office of the Auditor General (Limpopo)

#### PRINCIPLE BANKERS

Nedbank

#### GRADING PF LOCAL AUTHORITY

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#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# MOLEMOLE LOCAL MUNICIPALITY

## MEMBERS OF THE COUNCIL

MAKGATO M.P	Mayor
MOABELO M.L	Speaker
RAKUBU P	Chiefwhip
PAYA M.P	Member of the Executive Committee
PAKGADI D	Member of the Executive Committee
PHIHLELA A	Member of the Executive Committee
MOSEAMO R	Member of the Executive Committee
LEHONG D	Member
SENOAMADI S	Member
MAILA M	Member
MALATJI C	Member
MOYO T	Member
MALEBATSIA B	Member
RAHLANA	Member
MPHELO E	Member
SEAKAMELA W	Member
MALEMA M	Member
TAWANA M	Member
MATJEE C	Member
RAMALEPE E	Member
MAKGALO G	Member
MEHALA P	Member
HLAPA J	Member
MAKGOKA A	Member
NKOANA M	Member
MAPARA M	Member
MAHLOPHE A	Member

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 66 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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*Mr. E K Moloko*  
**Acting Municipal Manager**

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**Date**

**MOLEMOLE LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Notes	2013 R	2012 R
		(Actual)	(Actual)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>181 109 127</b>	<b>148 757 594</b>
Revaluations Reserve	1	42 695 546	42 695 546
Accumulated Surplus		138 413 582	106 062 048
<b>Non-Current Liabilities</b>		<b>6 283 867</b>	<b>9 602 764</b>
Non-current Finance Lease Liability	2	1 195 258	2 393 571
Employee Benefits	3	3 822 077	4 888 341
Non-Current Provisions	4	1 266 532	2 320 852
<b>Current Liabilities</b>		<b>25 296 027</b>	<b>40 638 866</b>
Consumer Deposits	5	466 647	453 863
Current Employee benefits	6	5 574 142	-
Payables From Exchange Transactions	7	10 133 460	11 424 595
Unspent Conditional Government Grants and Receipts	8	7 570 477	17 256 321
Other Current Liabilities		1 290 832	5 535 834
Vat Payable	9	-	5 968 252
Current Portion of Long-term Liabilities	2	260 469	-
<b>Total Net Assets and Liabilities</b>		<b>212 689 022</b>	<b>198 999 224</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>169 751 837</b>	<b>143 544 179</b>
Property, Plant and Equipment	10	165 635 233	139 810 179
Investment Property	11	3 734 000	3 734 000
Intangible Assets	12	382 605	-
<b>Current Assets</b>		<b>42 937 185</b>	<b>55 455 045</b>
Inventory	13	288 523	209 882
Trade Receivables from exchange transactions	14	2 719 857	10 389 842
Other Receivables from non-exchange transactions	15	2 684 256	5 593 977
Other current financial assets	16	3 246 139	12 519 594
Vat Receivable	9	5 016 787	8 288 765
Cash and Cash Equivalents	17	28 981 622	18 452 984
<b>Total Assets</b>		<b>212 689 022</b>	<b>198 999 224</b>

# MOLEMOL LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Actual) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>122 526 198</b>	<b>87 577 711</b>
<b>Taxation Revenue</b>		<b>9 535 774</b>	<b>3 359 021</b>
Property taxes	18	9 535 774	3 359 021
<b>Transfer Revenue</b>		<b>112 781 373</b>	<b>83 704 478</b>
Government Grants and Subsidies - Capital	19	34 674 857	-
Government Grants and Subsidies - Operating	19	78 106 517	74 521 402
Public Contributions and Donations	24	-	9 183 076
<b>Other Revenue</b>		<b>209 051</b>	<b>514 212</b>
Actuarial Gains		82 226	-
Fines		126 825	514 212
<b>Revenue from Exchange Transactions</b>		<b>15 157 612</b>	<b>14 674 643</b>
Property Rates - penalties imposed and collection charges		-	-
Service Charges	20	6 528 612	7 242 168
Rental of Facilities and Equipment	21	119 055	164 205
Interest Earned - external investments	22	707 303	610 454
Interest Earned - outstanding debtors	23	2 818 379	2 104 642
Licences and Permits		3 568 953	(467 043)
Gains on disposal of PPE		369 181	-
Other Income	24	1 046 129	5 020 217
<b>Total Revenue</b>		<b>137 683 810</b>	<b>102 252 354</b>
<b>EXPENDITURE</b>			
Employee related costs	26	44 190 134	39 516 922
Remuneration of Councillors	27	6 762 584	6 297 007
Debt Impairment	28	13 101 593	-
Depreciation and Amortisation	29	12 051 975	4 924 712
Impairments	30	-	-
Repairs and Maintenance		-	1 460 530
Actuarial losses	3	199 689	-
Finance Charges	31	677 263	217 259
Bulk Purchases	32	5 804 647	5 544 185
Contracted services		3 219 288	-
Grants and Subsidies Paid	33	-	-
Loss on disposal of PPE		370 242	-
General Expenses	34	20 214 453	22 490 900
<b>Total Expenditure</b>		<b>106 591 868</b>	<b>80 451 515</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>31 091 941</b>	<b>21 800 839</b>

**MOLEMOLE LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

	Revaluations Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
<b>Balance at 1 JULY 2011</b>	-	<b>78 133 163</b>	-
Net Surplus/(Deficit) for the year	-	21 800 839	21 800 839
Correction of error note nr 35	-	1 259 591	1 259 591
Other	42 695 546	6 128 047	6 128 047
<b>Restated Balance at 1 JULY 2012</b>	<b>42 695 546</b>	<b>107 321 639</b>	<b>29 188 476</b>
Net Surplus/(Deficit) for the year	-	31 091 941	31 091 941
<b>Balance at 30 JUNE 2013</b>	<b>42 695 546</b>	<b>138 413 582</b>	<b>60 280 419</b>

**MOLEMOLE LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2013 R	2012 R Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		11 071 739	26 352 541
Government		104 213 000	74 521 402
Interest		3 525 682	2 715 096
<b>Payments</b>			
Suppliers and employees		(80 056 801)	-75 309 543
Finance charges	31	(677 263)	-217 259
Transfers and Grants		-	0
<b>Net Cash from Operating Activities</b>		<b>38 076 357</b>	<b>28 062 237</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(39 635 195)	-27 038 634
Proceeds on Disposal of Fixed Assets		943 196	0
Purchase of Intangible Assets		(347 070)	0
Increase in investment property		-	-3 734 000
<b>Net Cash from Investing Activities</b>		<b>(39 039 070)</b>	<b>-30 772 634</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in liability funding		77 076	1 792 472
Increase in provision funding		-	7 209 193
<b>Net Cash from Financing Activities</b>		<b>77 075</b>	<b>9 001 664</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(885 638)</b>	<b>6 291 267</b>
Cash and Cash Equivalents at the beginning of the year		29 867 260	23 575 994
Cash and Cash Equivalents at the end of the year	37	28 981 622	29 867 260
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(885 638)</b>	<b>6 291 266</b>



**Molemole Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2013

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with

These annual financial statements have been prepared in accordance with Generally Recognised Accounting

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a

The accounting policies applied are consistent with those used to present the previous year's financial statements,

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial

When the presentation or classification of items in the annual financial statements is amended, prior period

**1.5 EFFECTIVE**

municipality:

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

The following standards, amendments to standards and interpretations have been issued but are not yet effective

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

Nature of impending changes in accounting policy:

None.

Impact on the municipality's financial statements once implemented:

None.

**1.6 USE OF ESTIMATES**

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these

estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

**1.7 OFFSETTING**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use

When significant components of an item of property, plant and equipment have different useful lives, they are

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction),

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects

### 2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and

### 2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	36 years	Buildings	30 years
Electricity	45 years	Other vehicles	5 years
Water	20 years	Office equipment	5 years
Sewerage	20 years	Furniture and fittings	7 years
<b>Community</b>		Bins and containers	2 years
Recreational Facilities	20 years	Other items of plant and equipment	10 years
Security	20 years	Landfill sites	30 years
Parks and gardens	30 years	Computer equipment	3 years
		Other	
<b>Finance lease assets</b>			
Office equipment	5 years		
Other assets			

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of

### 2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further

## 3 INTANGIBLE ASSETS

### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives

Computer software	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets

The cost of self-constructed investment property is the cost at date of completion.

Investment property is measured using the cost model. Under the cost model, investment property is carried at

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives

Investment property	Not applicable
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Investment property is measured using the fair value model. Under the fair value model, investment property is

A biological asset or agricultural produce is recognised when, and only when:

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is

Where market determined prices or values are not available, the present value of the expected net cash inflows

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered

## **6.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are

## **7 INVENTORIES**

### **7.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction),

### **7.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold,

## **8 FINANCIAL INSTRUMENTS**

### **8.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **8.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or

#### **8.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term

#### **8.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through

#### **8.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at

#### **8.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as

## **9 INVESTMENTS IN ASSOCIATES**

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a

The equity method involves recognising the investment initially at cost, then adjusting for any change in the

The municipality commences accounting for an investment in an associate from the date that significant influence

The municipality uses the most recent available financial statements of the associate in applying the equity method.

## **10 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the

## **11 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003),

## **12 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had

## **13 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events,

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision

A provision for restructuring costs is recognised only when the following criteria over and above the recognition

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting

## **14 LEASES**

### **14.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals

### **14.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **15 REVENUE**

### **15.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved

Service charges from sewerage and sanitation are based on the number of sewerage connections on each

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal)

### **15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when

Revenue from public contributions and donations is recognised when all conditions associated with the contribution

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated

### **15.3 GRANTS, TRANSFERS AND DONATIONS**

transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the

## **16 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are

## **17 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations

## **18 CONSTRUCTION CONTRACTS AND RECEIVABLES**

by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as

## **19 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
<b>1</b>	<b>NET ASSET RESERVES</b>		
	RESERVES	42 695 546	42 695 546
	Capital Replacement Reserve	-	-
	Revaluations Reserve	42 695 546	42 695 546
	<b>Total Net Asset Reserve and Liabilities</b>	<b>42 695 546</b>	<b>42 695 546</b>
<b>2</b>	<b>LONG TERM LIABILITIES</b>		
	Capitalised Lease Liability - At amortised cost	1 455 727	1 632 203
		<b>1 455 727</b>	<b>1 632 203</b>
	<b>Less:</b> Current Portion transferred to Current Liabilities	<b>260 469</b>	<b>176 475</b>
	Capitalised Lease Liability - At amortised cost	260 469	176 475
	<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>1 195 258</b>	<b>1 455 727</b>

Finance Lease loans at amortised cost is calculated at 9.5% interest rate, with last maturity date of 30 November 2016.

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	260 469	176 475
Payable within two to five years	1 195 258	1 455 727
Payable after five years	-	-
	<b>1 455 727</b>	<b>1 632 203</b>
<b>Less:</b> Future finance obligations	<b>(260 469)</b>	<b>(176 475)</b>
<b>Present value of lease obligations</b>	<b>1 195 258</b>	<b>1 455 727</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Datamaster Office Automation	Photo copy machine	9.50%	8%	5 Years	30/11/2016
Datamaster Office Automation	Photo copy machine	9.50%	8%	5 Years	30/11/2016

**3 EMPLOYEE BENEFITS**

**3.1 Post-employment Health Care Benefits**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Discovery;  
LA Health;  
Hosmed;  
Samwumed; and  
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2013 is estimated at R3 889 553. The Current-service Cost for the year ending 30 June 2013 is estimated at R295 167. It is estimated to be R369 153 for the ensuing year.  
Key actuarial assumptions used:

	%	%
<b>i) Rate of interest</b>		
Discount rate	9.30%	8.20%
Health Care Cost Inflation Rate	8.07%	7.09%
Net Effective Discount Rate	1.13%	1.04%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 889 553	3 195 514
<b>Total Liability</b>	<b>3 889 553</b>	<b>3 195 514</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 195 514	2 672 758
Total expenses	494 350	428 052
Current service cost	295 167	250 569
Interest Cost	259 591	232 527
Benefits Paid	(60 408)	(55 044)
Actuarial losses	199 689	94 704
Present value of fund obligation at the end of the year	3 889 553	3 195 514
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(67 476)</b>	<b>(60 408)</b>
<b>Balance 30 June</b>	<b>3 822 077</b>	<b>3 135 106</b>





MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4

EMPLOYEE BENEFITS

4.1 Long Service Leave

2013  
R

2012  
R

The Long Service Bonus plans are defined benefit plans. As at year end, 146 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2013 is estimated at R 1 334 404. The Current-service Cost for the year ending 30 June 2013 is estimated at R205 655. It is estimated to be R177 786 for the ensuing year.

Key actuarial assumptions used:

%

%

i) Rate of interest

Discount rate	7.51%	6.70%
General Salary Inflation (long-term)	6.82%	5.96%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.64%	0.70%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 334 404	1 228 193
<b>Net liability/(asset)</b>	<b>1 334 404</b>	<b>1 228 193</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 228 193	987 170
Total expenses	188 437	151 211
Current service cost	205 655	177 649
Interest Cost	78 685	71 174
Benefits Paid	(95 903)	(97 612)
Actuarial (gains)/losses	(82 226)	89 812
Present value of fund obligation at the end of the year	1 334 404	1 228 193
<b>Less:</b> Transfer of Current Portion - Note 6	(67 872)	(109 045)
<b>Balance 30 June</b>	<b>1 266 532</b>	<b>1 119 148</b>

5

CONSUMER DEPOSITS

Electricity	466 647	453 863
<b>Total Consumer Deposits</b>	<b>466 647</b>	<b>453 863</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6

CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 4	67 476	60 408
Current Portion of Long-Service Provisions - Note 4	67 872	109 045
Staff Leave	5 438 794	3 979 492
<b>Total Current Employee Benefits</b>	<b>5 574 142</b>	<b>4 148 945</b>

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	3 979 492	4 672 437
Contribution to current portion	1 901 209	101 046
Expenditure incurred	(441 908)	(793 991)
<b>Balance at end of year</b>	<b>5 438 794</b>	<b>3 979 492</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7	PAYABLES FROM EXCHANGE TRANSACTIONS	2013	2012
		R	R
	Trade Payables	5 073 879	5 121 626
	Other creditors	5 059 581	1 903 645
	<b>Total Trade Payables</b>	<b>10 133 460</b>	<b>7 025 271</b>
	Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.		
8	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
8.01	<b>Total Conditional Grants and Receipts</b>		
	Opening balance	17 047 802	2 854 479
	Grants received	30 216 000	24 206 026
	Conditions met - Operating	(4 109 517)	(4 409 163)
	Conditions met - Capital	(34 674 857)	(5 603 540)
	Adjustments	(908 952)	-
	Conditions still to be met	<b>7 570 477</b>	<b>17 047 802</b>
	Total Conditional Grants and Receipts received with conditions to be met.		
	The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
8.02	<b>Equitable share</b>		
	Opening balance	-	-
	Grants received	73 997 000	66 171 000
	Conditions met - Operating	(73 997 000)	(66 171 000)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>-</b>	<b>-</b>
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
8.03	<b>Municipal Infrastructure Grant</b>		
	Opening balance	12 813 255	(655 650)
	Grants received	23 916 000	19 716 000
	Conditions met - Operating	(981 920)	(858 595)
	Conditions met - Capital	(33 463 449)	(5 388 501)
	Adjustments	655 650	-
	Conditions still to be met	<b>2 939 535</b>	<b>12 813 255</b>
	Municipal Infrastructure Grant received with conditions to be met.		
8.04	<b>Finance Management Grant</b>		
	Opening balance	335 113	183 381
	Grants received	1 500 000	1 250 000
	Conditions met - Operating	(892 643)	(1 098 268)
	Conditions met - Capital	(579 588)	-
	Adjustments	(183 381)	-
	Conditions still to be met	<b>179 502</b>	<b>335 113</b>
	Finance Management Grant received with conditions to be met.		
8	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
8.05	<b>Municipal System Improvement Grant</b>		
	Opening balance	308 496	308 496
	Grants received	800 000	790 000
	Conditions met - Operating	(447 808)	(790 000)
	Conditions met - Capital	(99 853)	-
	Adjustments	(308 496)	-
	Conditions still to be met	<b>252 339</b>	<b>308 496</b>
	Municipal System Improvement Grant received with conditions to be met.		
8.06	<b>CDM - Taxi Rank</b>		
	Opening balance	1 458 947	1 525 105
	Grants received	-	-
	Conditions met - Operating	-	(66 158)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>1 458 947</b>	<b>1 458 947</b>
	CDM - Taxi Rank received with conditions to be met.		
8.07	<b>CDM - Stadium</b>		
	Opening balance	500 000	500 000
	Grants received	300 000	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	<b>800 000</b>	<b>500 000</b>
	CDM - Stadium received with conditions to be met.		

**MOLEMOLE MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>8.08 CDM - Mogwadi Community Hall</b>		
Opening balance	150 000	-
Grants received	-	150 000
Conditions met - Operating	-	-
Conditions met - Capital	(150 000)	-
Conditions still to be met	-	150 000
CDM - Mogwadi Community Hall received with conditions to be met.		
<b>8.09 CDM - Local Economic Development</b>		
Opening balance	271 306	271 306
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Adjustments	(271 306)	-
Conditions still to be met	(0)	271 306
CDM - Local Economic Development received with conditions to be met.		
<b>8.10 COGHSTA - RDP Houses</b>		
Opening balance	294 617	-
Grants received	-	294 617
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Adjustments	(294 617)	-
Conditions still to be met	(0)	294 617
COGHSTA - RDP Houses received with conditions to be met.		
<b>8.11 INEG</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Opening balance	506 802	721 841
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(215 039)
Adjustments	(506 802)	-
Conditions still to be met	(0)	506 802
INEG received with conditions to be met.		
<b>8.12 Expanded Public Works Program</b>		
Opening balance	-	-
Grants received	1 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(381 967)	-
Conditions still to be met	618 033	-
Expanded Public Works Program received with conditions to be met.		
<b>8.13 CDM Operational and Maintenance (Water)</b>		
Opening balance	409 266	-
Grants received	2 700 000	2 005 409
Conditions met - Operating	(1 787 145)	(1 596 143)
Conditions met - Capital	-	-
Conditions still to be met	1 322 121	409 266
CDM Operational and Maintenance (Water) received with conditions to be met.		
<b>9 TAXES</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
VAT	5 016 787	2 320 513
VAT is claimable on the invoice basis. VAT is claid from SARS once an invoice has been received from creditors.		

PROPERTY, PLANT AND EQUIPMENT

See attached sheet

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11	INVESTMENT PROPERTY	2013 R	2012 R
	<b>Net Carrying amount at 1 July</b>	<b>3 734 000</b>	<b>3 734 000</b>
	Cost	3 734 000	3 734 000
	Accumulated Depreciation	-	-
	Depreciation for the year	-	-
	<b>Net Carrying amount at 30 June</b>	<b>3 734 000</b>	<b>3 734 000</b>
	Cost	3 734 000	3 734 000
	Accumulated Depreciation	-	-
12	<b>INTANGIBLE ASSETS</b>		
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>77 128</b>	<b>-</b>
	Cost	82 155	-
	Accumulated Amortisation	(5 027)	-
	Acquisitions	347 070	82 155
	Amortisation for the year	(41 594)	(5 027)
	<b>Net Carrying amount at 30 June</b>	<b>382 605</b>	<b>77 128</b>
	Cost	429 225	82 155
	Accumulated Amortisation	(46 621)	(5 027)
		<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
13	<b>INVENTORY</b>		
	Consumable Stores - Stationery and materials - At cost	288 523	209 882
	<b>Total Inventory</b>	<b>288 523</b>	<b>209 882</b>
	No inventory assets were pledged as security for liabilities.		
14	<b>TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	<b>Service Receivables</b>		
	Water	-	-
	Electricity	5 332 825	4 488 504
	Refuse	3 869 050	2 786 270
	Sewerage	-	-
	<b>Total Service Receivables</b>	<b>9 201 875</b>	<b>7 274 774</b>
	Less: Allowance for Doubtful Debts	(8 166 336)	(6 191 831)
	<b>Net Service Receivables</b>	<b>1 035 539</b>	<b>1 082 943</b>
	<b>Other Receivables</b>		
	Other Arrears	(0)	(0)
		14 928 037	11 854 663
	<b>Total Other Receivables</b>	<b>14 928 037</b>	<b>11 854 663</b>
	Less: Allowance for Doubtful Debts	(13 243 720)	(10 085 743)
	<b>Net Other Receivables</b>	<b>1 684 318</b>	<b>1 768 920</b>
	<b>Total Net Receivables from Exchange Transactions</b>	<b>2 719 857</b>	<b>2 851 863</b>
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<b>(Electricity): Ageing</b>		
	Current (0 - 30 days)	307 727	362 315
	31 - 60 Days	146 921	153 316
	61 - 90 Days	145 485	152 540
	+ 90 Days	4 732 692	3 820 333
	<b>Total</b>	<b>5 332 825</b>	<b>4 488 505</b>

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
14	<b>TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)</b>		
	<b><u>(Refuse): Ageing</u></b>		
	Current (0 - 30 days)	223 261	224 910
	31 - 60 Days	106 594	95 172
	61 - 90 Days	105 551	94 690
	+ 90 Days	3 433 644	2 371 498
	<b>Total</b>	<b>3 869 051</b>	<b>2 786 270</b>
	<b><u>(Other Debtors): Ageing</u></b>		
	Current (0 - 30 days)	860 756	955 994.23
	31 - 60 Days	410 959	404 534.60
	61 - 90 Days	406 941	402 487.07
	+ 90 Days	13 249 382	10 091 647.85
	<b>Total</b>	<b>14 928 038</b>	<b>11 854 664</b>
15	<b>TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>Service Receivables</b>	<b>2013 R</b>	<b>2012 R</b>
	Taxes - Rates	23 852 496	15 507 638
	Less: Allowance for Doubtful Debts	(21 168 240)	(13 199 128)
	<b>Net Service Receivables</b>	<b>2 684 256</b>	<b>2 308 510</b>
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>2 684 256</b>	<b>2 308 510</b>
	<b>Ageing of Receivables from Non-Exchange Transactions</b>	<b>2013 R</b>	<b>2012 R</b>
	<b><u>(Rates): Ageing</u></b>		
	Current (0 - 30 days)	994 062	898 125
	31 - 60 Days	162 462	217 128
	61 - 90 Days	182 265	175 737
	+ 90 Days	5 349 543	7 500 124
	<b>Total</b>	<b>6 688 332</b>	<b>8 791 114</b>
	Debts are required to be settled after 30 days, interest is charged after this date at 15%. The fair value of trade and other receivables approximates their carrying amounts.		
	<b><u>Reconciliation of the Total doubtful debt provision</u></b>	<b>2013 R</b>	<b>2012 R</b>
	Balance at beginning of the year	29 476 703	16 730 048
	Contributions to provision	13 101 593	12 746 655
	Doubtful debts written off against provision	-	-
	<b>Balance at end of year</b>	<b>42 578 296</b>	<b>29 476 703</b>
	In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.		
16	<b>OTHER FINANCIAL ASSETS</b>		
	Other current financial assets	930 777	12 519 594
	<b>Total Other current financial assets</b>	<b>930 777</b>	<b>12 519 594</b>

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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CASH AND CASH EQUIVALENTS

**Assets**

Call Investments Deposits  
Cashbook positive balance  
Cash Floats

2013  
R

2012  
R

26 911 315  
2 067 251  
3 057

28 759 197  
1 108 063  
-

**Total Cash and Cash Equivalents - Assets**

**28 981 622**

**29 867 260**

Call Investments Deposits to an amount of R6 324 551 are held to fund the Unspent Conditional Grants (2012: R17 047 802).

The municipality has the following bank account:

**Current Account**

**- Account Number 1467000442 (Primary Account):**

Cash book balance at beginning of year  
Cash book balance at end of year

1 108 063  
2 067 251

12 161 717  
1 108 063

Bank statement balance at beginning of year  
Bank statement balance at end of year

5 168 000  
4 930 619

14 822 565  
5 168 000

**Call Investment Deposits**

Call investment deposits consist out of the following accounts:

Nedbank  
Nedbank  
Nedbank

5 586 764  
15 000 000  
6 324 551

18 452 984  
-  
10 306 213

26 911 315

28 759 197

18

PROPERTY RATES

**Actual**

**Rateable Land and Buildings**

Residential, Commercial Property, State

11 800 965

5 558 782

9 535 774

5 558 782

**Less: Rebates**

(2 265 191)

(2 199 761)

**Total Assessment Rates**

**9 535 774**

**3 359 021**

2013  
R

2012  
R

Business  
Church  
Farms  
Government  
Municipal  
Residential

9 227 010  
2 297 000  
1 332 057 400  
15 474 601  
14 673 100  
420 827 052

9 227 010  
2 297 000  
1 332 057 400  
15 474 601  
14 673 100  
197 781 752

**Total Property Valuations**

**1 794 556 163**

**1 571 510 863**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R 75 000 on the valuation is exempted.

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the 15%pa on outstanding monthly rates.

**MOLEMOLE MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

19	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2013 R</b>	<b>2012 R</b>
	<b>Unconditional Grants</b>	<b>73 997 000</b>	<b>66 171 000</b>
	Equitable Share - Refer to Note 19.1	73 997 000	66 171 000
	<b>Conditional Grants</b>	<b>38 784 373</b>	<b>8 350 402</b>
	Municipal Infrastructure Grant	34 445 369	6 247 096
	Finance Management Grant	1 472 231	1 098 268
	Municipal System Improvement Grant	547 661	790 000
	CDM - Taxi Rank	-	-
	CDM - Mogwadi Community Hall	150 000	-
	INEG	-	215 039
	Expanded Public Works Program	381 967	-
	CDM Operational and Maintenance (Water)	1 787 145	-
	<b>Total Government Grants and Subsidies</b>	<b>112 781 373</b>	<b>74 521 402</b>
	Government Grants and Subsidies - Capital	34 674 857	5 603 540
	Government Grants and Subsidies - Operating	78 106 517	68 917 862
		<b>112 781 373</b>	<b>74 521 402</b>
	The municipality does not expect any significant changes to the level of grants.		
	Equitable share to the amount of R501 000 was not paid to Molemole Municipality during the year under review. National treasury however gave their commitment to pay this amount, thus a debtor was created.		
19.1	<b>Equitable share</b>		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
	All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned		
	See Appendix F & note 8 for a reconciliation of all grants.		
20	<b>SERVICE CHARGES</b>		
	Electricity	5 015 439	5 720 012
	Water	-	-
	Refuse removal	1 299 594	1 522 156
	Sewerage and Sanitation Charges	267 532	-
	Other Service Charges	(53 954)	-
	<b>Total Service Charges</b>	<b>6 528 612</b>	<b>7 242 168</b>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
21	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>	<b>2013 R</b>	<b>2012 R</b>
	Rental of facilities	94 633	145 698
	Rental of equipment	-	18 508
	Other rentals	24 422	-
	<b>Total Rentals</b>	<b>119 055</b>	<b>164 205</b>
22	<b>INTEREST EARNED EXTERNAL INVESTMENTS</b>		
	Bank	707 303	610 454
	Financial assets	-	-
	Other	-	-
	<b>Total Interest</b>	<b>707 303</b>	<b>610 454</b>



MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23	<b>INTEREST EARNED OUTSTANDING DEBTORS</b>	<b>2013 R</b>	<b>2012 R</b>
	Interest on debtors	2 818 379	2 104 642
		-	-
	<b>Total Service Charges</b>	<b>2 818 379</b>	<b>2 104 642</b>
24	<b>OTHER REVENUE</b>	<b>2013 R</b>	<b>2012 R</b>
	Other Income	1 046 129	5 020 217
	<b>Total Other Income</b>	<b>1 046 129</b>	<b>5 020 217</b>
25	<b>PUBLIC CONTRIBUTIONS AND DONATIONS</b>	<b>R</b>	<b>R</b>
	Donations	-	9 183 076
	<b>Total Other Income</b>	<b>-</b>	<b>9 183 076</b>
26	<b>EMPLOYEE RELATED COSTS</b>		
	Annual Bonus	1 929 172	1 536 211
	Housing Subsidy	158 209	167 994
	Subsistence and travel claim	978 644	320 774
	Overtime	320 533	243 740
	Telephone / Cellphone Allowance	726 846	251 130
	Temporary Salaries	16 055	38 400
	Acting Allowance	243 569	513 814
	Leave Provision/Leave	1 901 210	793 991
	Salaries	26 226 292	21 415 305
	Standby allowance	137 798	131 695
	Travelling/vehicle allowance	2 450 841	2 372 979
	Interns salaries: FMG	544 814	370 379
	Danger allowance	23 500	18 750
	PMU: MIG	956 787	593 222
	Long Services	95 903	66 389
	Clothing allowance	6 000	6 365
	Industrial/Bargaining Council	11 073	7 302
	Insurance Unemployment	209 407	169 976
	Medical Aid Scheme	1 574 050	1 349 058
	Pension Funds	4 466 337	4 051 583
	Other allowances & Benefits	828 542	4 805 223
	Skills Development Levy	384 554	292 642
	<b>Total Employee Related Costs</b>	<b>44 190 134</b>	<b>39 516 922</b>
	<b>KEY MANAGEMENT PERSONNEL</b>	<b>2013 R</b>	<b>2012 R</b>
	Municipal Manager is appointed on a 5-year fixed contract and the Director Community Services, Director Corporate Services and Director Finance on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<b>Remuneration of the Municipal Manager:</b>		
	Annual Remuneration	1 113 833	951 229
	Performance Bonuses	33 169	79 606
	Travel, motor car, accommodation, subsistence and other allowances	255 385	121 000
	Contributions, Medical and Pension Funds	-	-
	<b>Total</b>	<b>1 402 387</b>	<b>1 151 835</b>
	<b>Remuneration of the Director Financial Services:</b>		
	Annual Remuneration	746 357	-
	Performance Bonuses	-	-
	Travel, motor car, accommodation, subsistence and other allowances	293 406	-
	Contributions, Medical and Pension Funds	-	-
	<b>Total</b>	<b>1 039 763</b>	<b>-</b>

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>Remuneration of the Director Technical Services:</b>		
Annual Remuneration	734 130	52 308
Performance Bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	160 000	13 333
Contributions, Medical and Pension Funds	-	-
<b>Total</b>	<b>894 130</b>	<b>65 641</b>
<b>Remuneration of the Director Corporate Services:</b>		
Annual Remuneration	740 843	51 692
Performance Bonuses	60 000	-
Travel, motor car, accommodation, subsistence and other allowances	112 000	6 833
Contributions, Medical and Pension Funds	-	-
<b>Total</b>	<b>912 843</b>	<b>58 525</b>
<b>Remuneration of the Director Community Services:</b>		
Annual Remuneration	744 284	377 522
Performance Bonuses	61 846	-
Travel, motor car, accommodation, subsistence and other allowances	88 000	55 301
Contributions, Medical and Pension Funds	-	-
<b>Total</b>	<b>894 130</b>	<b>432 823</b>
<b>Remuneration of the Manager Local Economic Development :</b>		
Annual Remuneration	734 130	396 667
Performance Bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	160 000	6 833
Contributions, Medical and Pension Funds	-	-
<b>Total</b>	<b>894 130</b>	<b>403 500</b>
<b>27 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	630 735	630 735
Speaker	508 356	477 761
Chief Whip	477 761	508 356
Mayoral Committee Members	1 320 775	1 056 620
Councillors	3 824 957	3 623 535
<b>Total Councillors' Remuneration</b>	<b>6 762 584</b>	<b>6 297 007</b>
<b>In-kind Benefits</b>		
The Mayor, Speaker and chief whip are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.		
<b>28 DEBT IMPAIRMENT</b>		
Balance at beginning of the year	29 476 703	16 730 048
Contributions to provision	13 101 593	12 746 655
Doubtful debts written off against provision	-	-
<b>Total Contribution to Impairment Provision</b>	<b>42 578 296</b>	<b>29 476 703</b>
<b>29 DEPRECIATION AND AMORTISATION</b>		
Depreciation	12 010 381	4 117 143
Amortisation	41 594	-
<b>Total Depreciation and Amortisation</b>	<b>12 051 975</b>	<b>4 117 143</b>
<b>30 IMPAIRMENTS</b>		
Property Plant & Equipment - Leased Assets	-	-
Property Plant & Equipment - Other Assets	-	-
<b>Total Impairments</b>	<b>-</b>	<b>-</b>
Property Plant & Equipment		
During the physical verification of all movable assets,a condition assessment of each asset was conducted. It was established that certain such assets were in worse conditions than expected. The recoverable services amount was established by estimating what the entity could sell the asset for to a third party in an arm's length transaction.		
Investment Property		
No asset in this category was impaired.		
Other Financial Assets		
No asset in this category was impaired.		

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
31	<b>FINANCE CHARGES</b>		
	Finance leases	338 987	212 512
	Post Retirement Charges	338 276	303 701
	<b>Total finance charges</b>	<b>677 263</b>	<b>516 213</b>
32	<b>BULK PURCHASES</b>		
	Electricity	5 804 647	5 544 185
	<b>Total Bulk Purchases</b>	<b>5 804 647</b>	<b>5 544 185</b>
33	<b>GRANTS AND SUBSIDIES</b>		
	Donations	-	-
	<b>Total Grants and Subsidies</b>	<b>-</b>	<b>-</b>
		<b>2013 R</b>	<b>2012 R</b>
34	<b>GENERAL EXPENSES</b>		
	ACCOMMODATION AND MEALS	390 820	-
	ACCOMMODATION AND MEALS : FMG	164 290	-
	ADMIN COSTS	-	113 843
	ADVERTISEMENTS	106 937	446 301
	AFFILIATION & MEMBERSHIP FEES:SALGA	400 000	-
	AUDIT COMMITTEES EXPENSES	359 999	-
	AUDIT FEES - EXTERNAL	2 332 966	2 118 492
	BANK CHARGES	250 595	251 153
	BILL: MUNICIPAL WATER	291 758	-
	CLEANING MATERIALS	166 806	233 988
	Conferences and Delegations	-	231 708
	COMMISSION PAID	267 483	-
	CONSULTANCY FEES	720 442	616 065
	CONSUMABLES	-	785 775
	DEPARTMENTAL: ELECTRICITY	278 787	-
	DEPARTMENTAL: WATER	155 459	-
	EMPLOYEE LOAN/BURSARY SCHEME	320 904	-
	FREE BASIC ELECTRICITY	1 783 391	-
	FREE BASIC WATER	181 921	-
	FUEL AND OIL : MUNICIPAL FLEET	941 969	795 894
	HR MANAGEMENT STRATEGY	236 800	-
	INSURANCE - GENERAL	581 293	673 488
	LEGAL EXPENSES	1 343 651	1 564 149
	LICENSES - VEHICLES	85 730	37 940
	MAYORAL BURSARY	225 508	-
	MEMBERSHIP FEES	2 400	749 962
	POSTAGE AND TELEPHONE	399 748	-
	PRINTING & STATIONERY	3 150	290 115
	PRINTING , PUBLICATION & MARKETING	154 491	-
	PROTECTIVE CLOTHING	377 299	-
	PUBLIC PARTICIPATION	535 751	-
	R&M - ELECTRICITY NETWORK	489 470	-
	R&M - VEHICLES	724 416	-
	RENTAL OTHER	-	1 750 581
	SECURITY COSTS	-	1 904 943
	Skills Development levies	-	320 063
	STATIONERY	418 505	-
	STRATEGIC PLANNING EXPENDITURE	123 474	-
	SUBSCRIPTION AND SYSTEMS LICENSING	241 500	117 594
	SUBSISTANCE AND TRAVELLING	-	555 578
	TELEPHONE MANAGEMENT SYSTEM	149 092	-
	TELEPHONE COSTS	-	400 269
	TRAINING AND CONFERENCES	340 696	559 064
	TRAINING AND EDUCATION : FMG	145 005	-
	UNBUNDLING OF INFRASTRUCTURE ASSETS	232 544	-
	UNIFORMS AND OVERALLS	-	296 770
	VALUATION ROLL COSTS	844 792	-
	WARD COMMITTEE EXPENSES	576 500	-
	WARD COMMITTEE EXPENSES : MSIG	210 000	-
	INFRASTRUCTURE MASTERPLAN	1 290 080	-
	OTHER	1 368 029	7 679 177
	<b>General Expenses</b>	<b>20 214 453</b>	<b>22 492 912</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees and auditing fees

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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**CORRECTION OF ERROR IN TERMS OF GRAP 3**

**Accumulated Surplus/(Deficit)**

	2013 R	2012 R
Reinstating the correct opening balances on grants as per approval from National Treasury		456 825
Clearing of claim received from SASRIA fire equipment posted on suspense account/clearing of expenditure payment posted against operational expense account.		(123 246)
Recognition of Traffic and Licencing revenue after all the departments of transport and prodiba actual and accruals expenses has been taken into account for 2011 and 2012 financial year.		(3 551 451)
Retention moneys raised i.r.o. previous financial years not due to contractors.		(2 651 665)
Clearing of Suspense account used in 2011/12 as a result of court order in favour of TE Mokganya and 1 other		1 423 176
Creditors incorrectly raised in 2011/2012 reversed to accumulated surplus		(1 439 129)
Correction of adjustment property rates previously incorrectly identified as understated		(6 731 732)
Recalculation of provision for doubtful debts for 2010, 2011 and 2012 financial year.		16 333 665
Reversal of unknown deposits recognise on suspense account		(1 630 079)
Correction of prior year error on leave reserve fund		(419 833)
Correction of prior year error on leave health care		(1 692 827)
Correction of prior year error on long service bonus		(1 092 659)
Other transactions related to previous financial years before 2012 reversed to accumulated surplus		(140 638)
<b>Total</b>		<b>(1 259 591)</b>

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**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

	2013 R	2012 R
Surplus/(Deficit) for the year	31 091 941	21 800 839
<b>Adjustments for:</b>		
Depreciation	12 051 975	4 924 712
(Gain)/Loss on disposal of property, plant and equipment	1 061	-
Contribution from/to provisions - non-current	694 039	7 554 040
Contribution to employee benefits – current	1 901 210	460 494
Contribution to provisions – Debt Impairment	13 101 593	-
Finance Costs	-	(217)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(9 685 844)	15 674 680
Operating Surplus/(Deficit) before changes in working capital	49 155 975	50 414 548
Changes in working capital	6 500 871	(21 859 050)
Increase/(Decrease) in Trade and Other Payables	(1 291 135)	(25 680 601)
Increase/(Decrease) in Taxes	(2 696 274)	448 773
(Increase)/Decrease in Inventory	(78 641)	330 390
Other Liability		4 450 350
(Increase)/Decrease in Consumer Deposits	(12 785)	8 996
(Increase)/Decrease in Trade Receivables from exchange transactions	7 669 985	(1 416 958)
(Increase)/Decrease in Other Receivables from non-exchange transactions	2 909 721	-
<b>Cash generated/(absorbed) by operations</b>	<b>55 656 846</b>	<b>28 555 498</b>

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**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 17	26 911 315	28 759 197
Cash Floats - Note 17	3 057	-
Bank - Note 17	2 067 251	1 108 063
<b>Total cash and cash equivalents</b>	<b>28 981 622</b>	<b>29 867 260</b>

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<b>38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>	<b>2013 R</b>	<b>2012 R</b>
Cash and Cash Equivalents - Note 37	28 981 622	29 867 260
Less:	28 981 622	29 867 260
Unspent Committed Conditional Grants - Note 8	18 549 797	26 602 783
Staff Leave - Note 6	7 570 477	17 047 802
Trade Payables	5 438 794	3 979 492
Consumer Deposits	5 073 879	5 121 626
	466 647	453 863
<b>Net cash resources available for internal distribution</b>	<b>10 431 825</b>	<b>3 264 477</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	-	-
<b>Resources available for working capital requirements</b>	<b>10 431 825</b>	<b>3 264 477</b>

**39 BUDGET COMPARISONS**

	<b>2013 R (Actual)</b>	<b>2013 R (Budget)</b>	<b>2013 R (Variance)</b>	<b>2013 (%)</b>
<b>39.1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	9 535 774	5 599 749	3 936 025	70%
Government Grants and Subsidies - Capital	34 674 857	37 385 494	(2 710 637)	-7%
Government Grants and Subsidies - Operating	78 106 517	84 549 732	(6 443 216)	-8%
Public Contributions and Donations	-	-	-	0%
Actuarial Gains	82 226	-	82 226	100%
Fines	126 825	500 000	(373 175)	-75%
Property Rates - penalties imposed and collection charges	-	-	-	0%
Service Charges	6 528 612	6 681 955	(153 343)	-2%
Rental of Facilities and Equipment	119 055	126 227	(7 172)	-6%
Interest Earned - external investments	707 303	800 000	(92 697)	-12%
Interest Earned - outstanding debtors	2 818 379	2 000 000	818 379	41%
Licences and Permits	3 568 953	4 000 000	(431 047)	-11%
Gains on disposal of PPE	369 181	-	369 181	
Other Revenue	1 046 129	14 240 136	(13 194 007)	-93%
	<u>137 683 810</u>	<u>155 883 293</u>	<u>(18 568 664)</u>	<u>-12%</u>
<b>Expenditure by nature</b>	<b>-</b>			
Employee Related Costs	(44 190 134)	(46 031 975)	1 841 841	-4%
Remuneration of Councillors	(6 762 584)	(7 040 398)	277 814	-4%
Debt Impairment	(13 101 593)	(2 408 250)	(10 693 343)	444%
Depreciation and Amortisation	(12 051 975)	(4 600 000)	(7 451 975)	162%
Actuarial losses	(199 689)	(134 093)	(65 596)	49%
Finance Charges	(677 263)	-	(677 263)	100%
Bulk Purchases	(5 804 647)	(6 624 844)	820 197	-12%
Contracted services	(3 219 288)	(3 276 000)	56 712	-2%
Loss on Disposal of PPE	(370 242)	-	(370 242)	100%
General Expenses	(20 214 453)	(29 983 185)	9 768 732	-33%
Contributions to/from Reserves	-	-	-	0%
	<u>(106 591 868)</u>	<u>(100 098 745)</u>	<u>(6 493 123)</u>	<u>6%</u>
<b>Net Surplus for the year</b>	<b>31 091 941</b>	<b>55 784 548</b>	<b>(25 061 788)</b>	

**Details of material variances**

Depreciation and Amortisation - Unbundling of assets  
Debt Impairment - Change in calculation of Allowance for Doubtful Debts  
Finance Charges - Not budgeted for Post Retirement Finance Charges  
Loss on disposal of PPE - Not budgeted for Post Retirement Finance Charges

	<b>2013 R (Actual)</b>	<b>2013 R (Budget)</b>	<b>2013 R (Variance)</b>	<b>2013 (%)</b>
<b>39.2 Expenditure by Vote</b>				
Executive & Council	(21 643 829)	(21 132 161)	(511 668)	2%
Budget & Treasury	(44 729 198)	(27 118 844)	(17 610 354)	65%
Corporate Services	(16 813 959)	(19 578 266)	2 764 307	-14%
Planning & Development	(2 506 372)	(3 469 787)	963 415	-28%
Community & Social Services	(9 359 051)	(11 962 038)	2 602 987	-22%
Road Transport	(5 378 035)	(5 205 348)	(172 687)	3%
Water	(4 528 235)	(9 232 933)	4 704 698	-51%
Electricity	(1 633 190)	(2 399 368)	766 178	-32%
	<u>(106 591 869)</u>	<u>(100 098 745)</u>	<u>(6 493 124)</u>	<u>6%</u>

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

			2013 R	2012 R
	<b><u>Details of material variances</u></b>			
	Budget and Treasury - Change in calculation of Allowance for Doubtful Debts			
	Executive & Council - Not budgeted for Actuarial losses and Post Retirement Finance Charges			
	Road Transport - Increased Depreciation charge			
39	<b>BUDGET COMPARISONS (CONTINUE)</b>			
		2013 R (Actual)	2013 R (Budget)	2013 R (Variance)
39.3	<b>Capital expenditure by vote</b>			2012 (%)
	Executive & Council	(35 462)	(1 201 000)	1 165 538 -97%
	Budget & Treasury	(13 934)	(416 832)	402 898 -97%
	Corporate Services	(1 241 563)	(3 228 836)	1 987 273 -62%
	Planning & Development	(364 167)	(1 275 000)	910 833 -71%
	Community & Social Services	(5 540 858)	(7 558 585)	2 017 727 -27%
	Road Transport	(32 305 868)	(41 235 851)	8 929 983 -22%
	Electricity	(480 414)	(752 000)	271 586 -36%
		<b>(39 982 266)</b>	<b>(55 668 104)</b>	<b>15 685 838 -28%</b>
40	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		2013 R	2012 R
40.1	<b><u>Unauthorised expenditure</u></b>			
	Reconciliation of unauthorised expenditure:			
	Opening balance		-	-
	Unauthorised operating expenditure current year		-	-
	Unauthorised capital expenditure current year		-	-
	Approved by Council or condoned		-	-
	Transfer to receivables for recovery		-	-
	Unauthorised expenditure awaiting authorisation		-	-
40.2	<b><u>Fruitless and wasteful expenditure</u></b>			
	Reconciliation of fruitless and wasteful expenditure:			
	Opening balance		-	-
	Fruitless and wasteful expenditure current year		-	-
	Condoned or written off by Council		-	-
	Transfer to receivables for recovery - not condoned		-	-
	Fruitless and wasteful expenditure awaiting condonement		-	-
40.3	<b><u>Irregular expenditure</u></b>			
	Reconciliation of irregular expenditure:			
	Opening balance		-	-
	Irregular expenditure current year		-	2 166 145
	Condonement supported by Council		-	(2 166 145)
	Transfer to receivables for recovery - not condoned		-	-
	Irregular expenditure awaiting condonement		-	-
	Irregular expenditure awaiting condonement from National Treasury		-	-
41	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		2013 R	2012 R
41.1	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>			
	Opening balance		-	-
	Council subscriptions		400 000	414 023
	Amount paid - current year		(400 000)	(414 023)
	Amount paid - previous years		-	-
	<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
41.2	<b><u>Audit fees - [MFMA 125 (1)(b)]</u></b>			
	Opening balance		-	-
	Current year audit fee		2 338 231	2 117 606
	External Audit - Auditor-General		2 338 231	2 117 606
	Amount paid - current year		(2 338 231)	(2 117 606)
	Amount paid - previous year		-	-
	<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>41.3 VAT - [MFMA 125 (1)(b)]</b>		
VAT	-	-
VAT is claimable on the invoice basis. VAT is claid from SARS once an invoice has been received from creditors.		
<b>41.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 638 543	55 694 337
Amount paid - current year	(6 638 543)	(55 694 337)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>41.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	10 456 840	5 400 641
Amount paid - current year	(10 456 840)	(5 400 641)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>41.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2013:		
	<b>2013 R</b>	<b>2012 R</b>
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor ML Moabela	-	881
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>881</b>

<b>41.7 Quotations awarded - Supply Chain Management</b>	
Refer to Supply Chain Management Implementation Report for the year ended 30 June 2013: Appendix G	

**41.8 Other non-compliance**

**MFMA Section 65(2) e**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**42 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and contracted for:

Infrastructure  
Community

16 051 818	12 012 700
15 599 835	12 012 700
451 983	-
<b>16 051 818</b>	<b>12 012 700</b>
<b>16 051 818</b>	<b>12 012 700</b>
16 051 818	12 012 700
-	-
-	-
<b>16 051 818</b>	<b>12 012 700</b>

This expenditure will be financed from:

Government Grants  
Own Resources  
District Council Grants

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013  
R2012  
R

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## FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

## (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

## (b) Price risk

The municipality is not exposed to price risk.

## (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

## (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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## FINANCIAL RISK MANAGEMENT (CONTINUE)

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	98.85%	23 852 496	100.00%	15 507 638
<u>Exchange Receivables</u>				
Electricity	22.10%	5 332 825	23.46%	4 488 504
Refuse	16.03%	3 869 050	14.57%	2 786 270
Other	61.87%	14 928 037	61.97%	11 854 663
	100.00%	24 129 912	100.00%	19 129 437

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note & of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 15% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	21 168 240	100.00%	15 507 638
<u>Exchange Receivables</u>				
Electricity	22.10%	4 732 692	23.47%	3 820 333
Refuse	16.04%	3 433 644	14.57%	2 371 498
Other	61.86%	13 243 720	61.96%	10 085 743
	100.00%	21 410 056	100%	16 277 575



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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**FINANCIAL INSTRUMENTS**

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

<b>44.1 Financial Assets</b>	<b><u>Classification</u></b>	<b>2013 R</b>	<b>2012 R</b>
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortised cost	9 201 875	7 274 774
Other receivables from exchange transactions	Financial instruments at amortised cost	14 928 037	11 854 663
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	26 911 315	28 759 197
<b>Bank Balances and Cash</b>			
Cash Floats and Advances	Financial instruments at amortised cost	3 057	3 057
		<b>51 044 284</b>	<b>47 891 691</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial instruments at amortised cost</b>		<b>51 044 284</b>	<b>47 891 691</b>
<b>44.2 Financial Liability</b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Capitalised Lease Liability	Financial instruments at amortised cost	1 195 258	1 455 727
<b>Trade Payables</b>			
Trade creditors	Financial instruments at amortised cost	5 073 879	5 121 626
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	26 911 315	28 759 197
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	260 469	176 475
		<b>33 440 921</b>	<b>35 513 026</b>
<b>SUMMARY OF FINANCIAL LIABILITY</b>			
<b>Financial instruments at amortised cost</b>		<b>33 440 921</b>	<b>35 513 026</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**45 EVENTS AFTER THE REPORTING DATE**

The municipality did have any event after the reporting date.

**46 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**47 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**48 CONTINGENT LIABILITY**

See attach appendix F for more details

**49 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**49.1 Related Party Transactions****49.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

**50 RETIREMENT BENEFIT INFORMATION**

The Council provides retirement benefits to employees by contributing to pension and provident Funds Membership of either pension or provident fund is compulsory for all permanent employees.

The municipality and its employees contribute to 5 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund ) cater for the majority of the staff. The South African Local Authorities Pension Fund and the Municipal Employees Pension Fund, are defined benefit funds.

MOLEMOLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Opening Balance Adjustments		Accumulated Depreciation		Disposals/ Impairments/ Transfers		Carrying Value	
	Opening Balance R	Additions R	Transfers R	Disposals/ Impairments R	Closing Balance R	Opening Balance R		Opening Balances	Depreciation Charge R			Closing Balance R	R
<b>30 JUNE 2013</b>													
<b>Land and Buildings</b>	27 750 171	385 672	-	-	28 135 843	1 003 081	-	1 003 081	518 000	-	-	1 521 081	26 614 763
Land	12 283 390	-	-	-	12 283 390	-	-	-	-	-	-	-	12 283 390
Buildings	15 466 781	385 672	-	-	15 852 453	1 003 081	-	1 003 081	518 000	-	-	1 521 081	14 331 373
<b>Infrastructure</b>	78 970 475	30 875 416	-	-	109 845 891	849 056	-	849 056	8 726 935	-	-	9 575 992	100 269 899
Stormwater Network	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	68 785 896	30 566 902	-	-	99 352 797	2 494	-	2 494	8 336 251	-	-	8 338 744	91 014 053
Electricity Network	10 184 580	308 514	-	-	10 493 094	846 562	-	846 562	390 685	-	-	1 237 247	9 255 847
<b>Community Assets</b>	22 500 296	4 803 338	-	-	27 303 634	2 008 134	-	2 008 134	603 258	-	-	2 611 392	24 692 242
Taxi Rank	4 141 577	-	-	-	4 141 577	37 576	-	37 576	175 752	-	-	213 328	3 928 249
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Buildings	16 287 763	4 803 338	-	-	21 091 101	1 186 765	-	1 186 765	329 167	-	-	1 515 932	19 575 169
Recreation sites	2 070 956	-	-	-	2 070 956	783 794	-	783 794	98 339	-	-	882 133	1 188 823
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lease Assets</b>	2 073 036	-	-	-	2 073 036	125 518	-	125 518	207 304	-	-	332 822	1 740 214
Office Equipment (Lease)	2 073 036	-	-	-	2 073 036	125 518	-	125 518	207 304	-	-	332 822	1 740 214
<b>Other Assets</b>	18 714 600	3 570 770	-	(2 246 753)	20 038 617	7 069 175	-	7 069 175	1 954 884	(1 303 557)	-	7 720 502	12 318 114
Computer Equipment	1 355 559	1 098 952	-	(162 413)	2 292 097	537 135	-	537 135	232 682	(123 520)	-	646 297	1 645 800
Air conditioners	232 265	7 328	-	(76 715)	162 878	31 599	-	31 599	17 673	(21 824)	-	27 448	135 430
Furniture and Fittings	2 011 851	62 070	-	(78 810)	1 995 111	531 465	-	531 465	136 195	(36 602)	-	631 059	1 364 053
Plant and Equipment	6 181 209	163 674	-	(1 537 945)	4 806 939	3 274 203	-	3 274 203	641 434	(970 475)	-	2 945 163	1 861 776
Motor Vehicles	6 532 037	1 738 966	-	(199 439)	8 071 564	2 001 535	-	2 001 535	648 225	(81 280)	-	2 568 480	5 503 084
Office Equipment	1 404 122	25 920	-	(191 431)	1 238 611	539 638	-	539 638	143 619	(69 857)	-	613 400	625 211
Security Measures	997 558	473 860	-	-	1 471 418	153 601	-	153 601	135 055	-	-	288 656	1 182 761
	150 008 579	39 635 195	-	(2 246 753)	187 397 021	11 054 965	-	11 054 965	12 010 381	(1 303 557)	-	21 761 789	165 635 233
<b>30 JUNE 2012</b>													
<b>Land and Buildings</b>	11 353 320	16 659 181	-	(262 330)	27 750 171	719 526	(115 811)	603 716	523 351	(123 695)	-	1 003 372	26 746 800
Land	27 800	12 255 590	-	-	12 283 390	291	-	291	-	-	-	291	12 283 099
Buildings	11 325 520	4 403 591	-	(262 330)	15 466 781	719 235	(115 811)	603 425	523 351	(123 695)	-	1 003 081	14 463 701
<b>Infrastructure</b>	47 410 845	69 595 662	-	(38 036 032)	78 970 475	2 143 151	(379 516)	1 763 634	1 127 201	(2 041 779)	-	849 056	78 121 419
Stormwater Network	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	37 067 019	68 740 446	-	(37 021 569)	68 785 896	1 230 551	(122)	1 230 429	726 656	(1 954 591)	-	2 494	68 783 402
Electricity Network	10 343 826	855 216	-	(1 014 463)	10 184 580	912 600	(379 394)	533 205	400 545	(87 188)	-	846 562	9 338 017
<b>Community Assets</b>	12 992 153	9 704 513	-	(196 370)	22 500 296	1 682 519	(20 024)	1 662 494	442 324	(96 684)	-	2 008 134	20 492 162
Taxi Rank	-	4 141 577	-	-	4 141 577	-	-	-	37 576	-	-	37 576	4 104 001
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Buildings	10 746 547	5 562 936	-	(21 720)	16 287 763	912 439	(20 024)	892 414	298 696	(4 346)	-	1 186 765	15 100 998
Recreation sites	2 245 606	-	-	(174 650)	2 070 956	770 080	-	770 080	106 052	(92 338)	-	783 794	1 287 163
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lease Assets</b>	-	2 073 036	-	-	2 073 036	-	-	-	125 518	-	-	125 518	1 947 518
Office Equipment (Lease)	-	2 073 036	-	-	2 073 036	-	-	-	125 518	-	-	125 518	1 947 518
<b>Other Assets</b>	20 459 605	2 700 139	-	(4 445 144)	18 714 600	11 494 065	(2 414 974)	9 079 091	1 898 749	(3 405 265)	-	7 572 575	11 142 025
Computer Equipment	1 115 675	407 859	-	(167 976)	1 355 559	863 054	(316 173)	546 880	157 050	(166 796)	-	537 135	818 424
Air conditioners	166 973	65 292	-	-	232 265	44 263	(24 875)	19 387	12 211	-	-	31 599	200 666
Furniture and Fittings	1 217 753	834 935	-	(40 838)	2 011 851	833 909	(387 875)	446 034	119 282	(33 851)	-	531 465	1 480 386
Plant and Equipment	6 819 417	158 865	-	(797 072)	6 181 209	3 827 236	(459 464)	3 367 772	648 734	(637 581)	-	3 378 926	2 802 284
Motor Vehicles	8 474 729	554 404	-	(2 497 096)	6 532 037	4 388 668	(764 810)	3 623 859	740 515	(1 964 162)	-	2 400 212	4 131 824
Office Equipment	2 115 957	230 327	-	(942 163)	1 404 122	1 438 583	(461 110)	977 473	165 041	(602 876)	-	539 638	864 484
Security Measures	549 101	448 457	-	-	997 558	98 352	(667)	97 685	55 916	-	-	153 601	843 957
	92 215 923	100 732 531	-	(42 939 875)	150 008 579	16 039 261	(2 930 325)	13 108 935	4 117 143	(5 667 423)	-	11 558 656	138 449 923

**APPENDIX A - Unaudited**

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	12 283 390	-	-	-	12 283 390	-	-	-	-	12 283 390
Buildings	15 466 781	385 672	-	-	15 852 453	1 003 081	518 000	-	1 521 081	14 331 373
	<b>27 750 171</b>	<b>385 672</b>	<b>-</b>	<b>-</b>	<b>28 135 843</b>	<b>1 003 081</b>	<b>518 000</b>	<b>-</b>	<b>1 521 081</b>	<b>26 614 763</b>
<b>Infrastructure</b>										
Stormwater Network	-	-	-	-	-	-	-	-	-	-
Roads	68 785 896	1 212 999	29 353 903	-	99 352 797	2 494	8 336 251	-	8 338 744	91 014 053
Electricity Network	10 184 580	308 514	-	-	10 493 094	846 562	390 685	-	1 237 247	9 255 847
	<b>78 970 475</b>	<b>1 521 513</b>	<b>29 353 903</b>	<b>-</b>	<b>109 845 891</b>	<b>849 056</b>	<b>8 726 935</b>	<b>-</b>	<b>9 575 992</b>	<b>100 269 899</b>
<b>Community Assets</b>										
Taxi Rank	4 141 577	-	-	-	4 141 577	37 576	175 752	-	213 328	3 928 249
Cemeteries	-	-	-	-	-	-	-	-	-	-
Community Buildings	16 287 763	9 754	4 793 584	-	21 091 101	1 186 765	329 167	-	1 515 932	19 575 169
Recreation sites	2 070 956	-	-	-	2 070 956	783 794	98 339	-	882 133	1 188 823
Libraries	-	-	-	-	-	-	-	-	-	-
	<b>22 500 296</b>	<b>9 754</b>	<b>4 793 584</b>	<b>-</b>	<b>27 303 634</b>	<b>2 008 134</b>	<b>603 258</b>	<b>-</b>	<b>2 611 392</b>	<b>24 692 242</b>
<b>Leased Assets</b>										
Office Equipment (Lease)	2 073 036	-	-	-	2 073 036	125 518	207 304	-	332 822	1 740 214
	<b>2 073 036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 073 036</b>	<b>125 518</b>	<b>207 304</b>	<b>-</b>	<b>332 822</b>	<b>1 740 214</b>
<b>Other Assets</b>										
Computer Equipment	1 355 559	1 098 952	-	(162 413)	2 292 097	537 135	232 682	(123 520)	646 297	1 645 800
Air conditioners	232 265	7 328	-	(76 715)	162 878	31 599	17 673	(21 824)	27 448	135 430
Furniture and Fittings	2 011 851	62 070	-	(78 810)	1 995 111	531 465	136 195	(36 602)	631 059	1 364 053
Plant and Equipment	6 181 209	163 674	-	(1 537 945)	4 806 939	3 274 203	641 434	(970 475)	2 945 163	1 861 776
Motor Vehicles	6 532 037	1 738 966	-	(199 439)	8 071 564	2 001 535	648 225	(81 280)	2 568 480	5 503 084
Office Equipment	1 404 122	25 920	-	(191 431)	1 238 611	539 638	143 619	(69 857)	613 400	625 211
Security Measures	997 558	473 860	-	-	1 471 418	153 601	135 055	-	288 656	1 182 761
	<b>18 714 600</b>	<b>3 570 770</b>	<b>-</b>	<b>(2 246 753)</b>	<b>20 038 617</b>	<b>7 069 175</b>	<b>1 954 884</b>	<b>(1 303 557)</b>	<b>7 720 502</b>	<b>12 318 114</b>
<b>Total Property, Plant and Equipment</b>	<b>150 008 579</b>	<b>5 487 709</b>	<b>34 147 487</b>	<b>(2 246 753)</b>	<b>187 397 021</b>	<b>11 054 965</b>	<b>12 010 381</b>	<b>(1 303 557)</b>	<b>21 761 789</b>	<b>165 635 233</b>
<b>Investment Property</b>										
Investment Property	3 734 000	-	-	-	3 734 000	-	-	-	-	3 734 000
	<b>3 734 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 734 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 734 000</b>
<b>Intangible Assets</b>										
Computer Software	82 155	347 070	-	-	429 225	5 027	41 594	-	46 621	382 605
	<b>82 155</b>	<b>347 070</b>	<b>-</b>	<b>-</b>	<b>429 225</b>	<b>5 027</b>	<b>41 594</b>	<b>-</b>	<b>46 621</b>	<b>382 605</b>
<b>Total</b>	<b>153 824 734</b>	<b>5 834 779</b>	<b>34 147 487</b>	<b>(2 246 753)</b>	<b>191 560 247</b>	<b>11 059 992</b>	<b>12 051 975</b>	<b>(1 303 557)</b>	<b>21 808 410</b>	<b>169 751 837</b>

**APPENDIX B - Unaudited**  
**MOLEMOLE LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	7 406 984	35 462	-	(15 005)	7 427 441	1 416 950	347 630	(7 206)	1 757 374	5 670 067
Budget & Treasury	1 078 560	13 934	-	(175 464)	917 030	372 463	104 110	(79 701)	396 873	520 157
Corporate Services	21 811 640	1 241 563	-	(381 528)	22 671 675	2 497 199	1 242 666	(141 468)	3 598 397	19 073 278
Planning & Development	186 627	364 167	-	(12 229)	538 565	41 989	27 585	(4 458)	65 116	473 449
Community & Social Services	26 155 769	747 275	4 793 584	(30 075)	31 666 553	3 057 725	964 490	(16 409)	4 005 806	27 660 746
Road Transport	80 697 146	2 951 965	29 353 903	-	113 003 013	2 494	8 336 251	-	8 338 744	104 664 269
Electricity	16 488 009	480 414	-	(1 632 451)	15 335 971	3 671 172	1 029 244	(1 054 316)	3 646 101	11 689 871
	<b>153 824 735</b>	<b>5 834 779</b>	<b>34 147 487</b>	<b>(2 246 753)</b>	<b>191 560 247</b>	<b>11 059 993</b>	<b>12 051 975</b>	<b>(1 303 557)</b>	<b>21 808 411</b>	<b>169 751 837</b>

**APPENDIX C - Unaudited**  
**MOLEMOLE LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
-	(14 702 990)	(14 702 990)	Executive & Council		(21 643 829)	(21 643 829)
18 462 769	(8 857 566)	9 605 203	Budget & Treasury	91 164 316	(44 729 198)	46 435 118
140 491	(23 049 118)	(22 908 627)	Corporate Services	347 922	(16 813 959)	(16 466 037)
1 893	(3 041 451)	(3 039 558)	Planning & Development	3 348	(2 506 372)	(2 503 024)
831 574	(8 751 785)	(7 920 211)	Community & Social Services	3 946 904	(9 359 051)	(5 412 147)
6 985 093	(4 605 825)	2 379 268	Road Transport	36 134 792	(5 378 035)	30 756 757
5 565 011	(7 976 515)	(2 411 504)	Water	999 534	(4 528 235)	(3 528 701)
5 805 504	(9 466 041)	(3 660 537)	Electricity	5 086 994	(1 633 190)	3 453 804
						-
37 792 335	(80 451 291)	(42 658 956)	<b>Total</b>	137 683 810	(106 591 869)	31 091 941

**APPENDIX D - Unaudited**  
**MOLEMOLE LOCAL MUNICIPALITY**  
**INCOME AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	<b>2013 Actual (R)</b>	<b>2013 Budget (R)</b>	<b>2013 Variance (R)</b>	<b>2013 Variance (%)</b>
<b>REVENUE</b>				
Executive & Council		-	-	0.00%
Budget & Treasury	91 164 316	94 181 879	(3 017 563)	-3.20%
Corporate Services	347 922	2 074 000	(1 726 078)	-83.22%
Planning & Development	3 348	25 000	(21 652)	-86.61%
Community & Social Services	3 946 904	6 706 272	(2 759 368)	-41.15%
Road Transport	36 134 792	38 385 494	(2 250 702)	-5.86%
Water	999 534	8 634 340	(7 634 806)	-88.42%
Electricity	5 086 994	5 876 308	(789 314)	-13.43%
<b>Total Revenue</b>	<b>137 683 810</b>	<b>155 883 293</b>	<b>(18 199 483)</b>	<b>-11.68%</b>
<b>EXPENDITURE</b>				
Executive & Council	(21 643 829)	(21 132 161)	(511 668)	2.42%
Budget & Treasury	(44 729 198)	(27 118 844)	(17 610 354)	64.94%
Corporate Services	(16 813 959)	(19 578 266)	2 764 307	-14.12%
Planning & Development	(2 506 372)	(3 469 787)	963 415	-27.77%
Community & Social Services	(9 359 051)	(11 962 038)	2 602 987	-21.76%
Road Transport	(5 378 035)	(5 205 348)	(172 687)	3.32%
Water	(4 528 235)	(9 232 933)	4 704 698	-50.96%
Electricity	(1 633 190)	(2 399 368)	766 178	-31.93%
<b>Total Expenditure</b>	<b>(106 591 869)</b>	<b>(100 098 745)</b>	<b>(6 493 124)</b>	<b>6.49%</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>31 091 941</b>	<b>55 784 548</b>	<b>(24 692 607)</b>	<b>-44.26%</b>

**APPENDIX E - Unaudited**  
**MOLEMOLE LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	<b>2013 Actual</b>	<b>2013 Under Construction</b>	<b>2013 Total Additions</b>	<b>2013 Budget</b>	<b>2013 Variance</b>	<b>2013 Variance</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>
Executive & Council	35 462	-	35 462	1 201 000	(1 165 538)	-97.05%
Budget & Treasury	13 934	-	13 934	416 832	(402 898)	-96.66%
Corporate Services	1 241 563	-	1 241 563	3 228 836	(1 987 273)	-61.55%
Planning & Development	364 167	-	364 167	1 275 000	(910 833)	-71.44%
Community & Social Services	747 275	4 793 584	5 540 858	7 558 585	(2 017 727)	-26.69%
Road Transport	2 951 965	29 353 903	32 305 868	41 235 851	(8 929 983)	-21.66%
Electricity	480 414	-	480 414	752 000	(271 586)	-36.12%
<b>Total</b>	<b>5 834 779</b>	<b>34 147 487</b>	<b>39 982 266</b>	<b>55 668 104</b>	<b>(15 685 838)</b>	<b>-28.18%</b>



**APPENDIX F - Unaudited**  
**MOLEMOLÉ LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2012	Correction of error	Restated balance 1 JULY 2012	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Transfer out	Balance 30 June 2013
<b>UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>NATIONAL</b>												
Finance Management Restruc.	-	-	-	-	-	-	-	-	-	-	-	-
Skills Training	-	-	-	-	-	-	-	-	-	-	-	-
Water Master Plan	-	-	-	-	-	-	-	-	-	-	-	-
Meter, oudit management & maintanance strategy	-	-	-	-	-	-	-	-	-	-	-	-
Fencing Pig Stables	-	-	-	-	-	-	-	-	-	-	-	-
Water Asset Register Survey	-	-	-	-	-	-	-	-	-	-	-	-
Water & Sanitation Survey	-	-	-	-	-	-	-	-	-	-	-	-
Fin Model, water tarrifs & tech audit	-	-	-	-	-	-	-	-	-	-	-	-
Stormwater Masterplan	-	-	-	-	-	-	-	-	-	-	-	-
132/22KV Substation & 20 MVA Transformer	-	-	-	-	-	-	-	-	-	-	-	-
Electrification of Central Karoo	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	-	-	-	-	-	-	-	-	-	-	-	-

## APPENDIX G- CONTINGENT LIABILITY FOR THE PERIOD

**Molemole**

**UPDATE ON LITIGATION**

Item no, Name of legal rep& contact details	Litigation	Nature of dispute	Status	Progress
MG Phatudi Attorneys 015 295 5666	Molemole v/s Mr. M Hlako	Irregular payment of performance bonus	In progress	Obtained Judgment in favour of the municipality on special plea (Set down scheduled for 13 June 2013) Postponed on the said date due to unavailability of Court room, inconveniences caused by burnt High Court (Polokwane) Re-scheduled to 10 September 2013
MG Phatudi Attorneys 015 295 5666	Molemole v/s Mr. M Hlako	Illegal occupation (refusal to comply with an eviction order from municipal property)	In progress	Eviction drafted and issued

MG Phatudi Attorneys 015 295 5666	Molemole v/s Polokwane Surfacing (PTY) LTD	Non-payment of Cession on road construction project	In progress	Judgment obtained against Matebele Dinare Construction cc and Molemole Local Municipality Very Urgent matter- Court order against Matebele could not be successfully implemented by the Sheriff as nothing could be found from Matebele Dinare in an effort to attach per order. Polokwane Surfacing then mandated Bresler & Becker to pursue the. Municipality seeing that the likelihood of Matebele Dinare repaying overpayments made to the Company is very slimy and summons were accordingly issued
MG Phatudi Attorneys 015 295 5666 082 855 8480	Molemole v/s Matebele Dinare	Irregular overpayments on a road project (unjustified enrichment)	In progress	Matter withdraw- notice of withdrawal sent to Pratt Luyt and De Lange as well as file content Latest- Summons issued
MG Phatudi Attorneys 015 295 5666	Molemole v/s Letshedi KTR	Irregular payment of performance bonus	In progress	Trial date: 16/08/2012

MG Phatudi Attorneys – Pratt Luyt and De Lange	Molemole v/s Matebele Dinare	Interdict against the municipality pertaining to Phase II	In progress- Court order	Mandate terminated from MG Phatudi Att and given to Pratt Luyt Att to pursue an appeal against judgment. Currently awaiting basis for the judgment which will guide reasons for appeal Notice to oppose lodged by Pratt Luyt and De Lange at North Gauteng High Court awaiting reasons for the judgment
Pratt Luyt & De Lange	Molemole v/s Chidi Attorneys (representing Mokgehle and land claimants)	Urgent interdict by the Ga-Mabohlatjana community: Land Claims Court: LCC48/2013	In progress	Municipality cited as 2nd respondent on an excavation project by CDM at southern site of Mogwadi town next to water reservoir (Oxidation ponds – sewerage related project)
Mathabatha	Molemole Municipality / RW Thovhakale (former Director Technical Services)	Dismissal dispute	In progress the matter may not proceed any further due to time and jurisdiction related errors committed by the complainant and his representative	CCMA after having heard representation by all parties declined to make a ruling on arguing that the SALGBC should preside over the matter and the complainant representative applied for condonation at SALGBC which didn't approve the application.

Mathabatha	Molemole v/s R Molamodi	Took the municipality to CCMA on claims that she is an employee of the municipality	Matter resolved at CCMA	Matter finalized (she was employed by the Contractor and not the municipality as alleged and it was settled between herself and the Contractor per Commissioner's intervention)
AM Carrim	Municipality v/s Mokganya & Raselaya (Former Manager LEDP & Community Services)	Unfair dismissal dispute	In progress	The matter is still at Labour Court awaiting next date. Parties went for a round-table negotiation but couldn't reach consensus as Mokganya and Raselaya didn't want to repay the money taken from the municipal accounts per the Court order. Refund made by both parties at an amount of R120 000.00 by Mr. Mokganya and R85 000.00 from Mr. Raselaya
AM Carrim 015 293 1666 082 786 1700	Molemole Municipality v/s SAMWU	Request for information in terms of the provisions of PAIA	In progress	They were responded to and no further action came from them
AM Carrim	Molemole Municipality v/s Tyzer T Security cc	Tender documents requested	In progress	Request for tender related Documents

AM Carrim	Molemole/ Mabkol/ Machela JV	Non-payment of submissions in the form of claims for service rendered	In progress	The contractor lodged a claim against the municipality amounting to R458 288.58 which was not appropriate in that included in this amount are also Preliminaries and generals which were not part of the contract. The lawyer for the municipality advised both parties to pursue settlement proposals as the matter may cost a lot of money and take years to complete. Such was done and subsequent to the meeting held, the Contractor was willing to surrender some of the claims except a portion of the certificate allegedly
AM Carrim 015 293 1666 082 786 1700	Molemole Municipality v/s Badau Film and Video Productions CC	Civil claim for damages	In progress	They issued us with summons, we responded, they went quite and we are awaiting any further action
AM Carrim	Data Master & Mr. Beans	Obtain legal opinion	In progress	Request for tender related Documents
Mashego Attorneys	Nkoana TD v/s Molemole	Misconduct charges	In progress	(D/C could be in proggress)
<b>TOTAL</b>				

01 JULY 2012 TO 30 JUNE 2013

## e Municipality

NS			
Costs incurred to date	Projected estimates 2012	Projected estimates 2013	Projected estimates 2013
R 61 676.85	±R15000	±R72 000	±R72 000
R 157 630.13	±R20 000	±R39 000	±R39 000

R 13 602.33	±R25 000	±R1 000 000	±R1 000 000
R 42 612.78	±R50 000	±R80 000	±R80 000
R 29 577.59	±R25 000	±R15 000	±R15 000



R 402 097.77		±R75 000	±R75 000
R 52 411.53		±R45 000	±R45 000
R 116 036	±R150 000	±R48 000	±R48 000

R 46 800		±R0	±R0
R 82 800.00		±R120 000	±R120 000
R 13 053.00	±R35 000	±R60 000	±R60 000
R 33 117.00		±R80 000	±R80 000

R 61 161.00		±R300 000	±R300 000
R 54 428.17	±R50 000	±R60 000	±R60 000
R 45 600.00		±R30 000	±R30 000
R 281 250.00		±R1 500 000	±R1 500 000
<b>R 1 493 853.77</b>	<b>R 445 000.00</b>	<b>R 3 524 000.00</b>	<b>R 3 524 000.00</b>

# **SCHEDULE OF DEVIATIO**

## **Molemole Municipality Schedule of deviations for**

SUMMARY OF ALL DEVIATIONS	TOTAL NUMBER OF DEVIATIONS
ALL DEVIATIONS FOR MOLEMOLE MUNICIPALITY FOR THE 2012/13 FINANCIAL YEAR.	44
SOLE PROVIDER DEVIATIONS	31
EMEGENCY DEVIATIONS	11
SUPLLIER EXEMTED INTERMS OF SECTION 110(2) MFMA	2

**NS.**  
**the year ending 30 June 2013**

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**TOTAL VALUE OF ALL DEVIATIONS**

<b>R 665,770.83</b>
<b>R 416,504.97</b>
<b>R 203,422.86</b>
<b>R 45,843.00</b>